

Message Text

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ACTION NEA-10

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FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 5321

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E.O. 11652:N/A

TAGS: EINV, CE

SUBJECT: FINANCE MINISTER COMMENTS ON INVESTMENT LAW; CITIBANK
BRANCH

1. DURING AMBASSADOR'S JULY 26 COURTESY CALL, FINANCE
MINISTER FELIX DIAS BANDARANAIKE SAID HE WAS STILL ENTHUSIASTIC
ABOUT THE PROPOSED NEW INVESTMENT GUARANTY LAW, THE POLITICAL
CLIMATE, HOWEVER, WAS NOT RIGHT FOR PASSAGE, AND FURTHER
ACTION WOULD HAVE TO WAIT UNTIL AFTER THE ELECTION. HE
FELT THE LAW WOULD EVENTUALLY BE ADOPTED AND WAS NOT
CONCERNED ABOUT THE DELAY.

2. THE MINISTER INDICATED HE FULLY UNDERSTOOD THE
RELUCTANCE OF PRIVATE INVESTORS TO MAKE CAPITAL
INVESTMENTS IN SRI LANKA NOW AND SAID IT IS A "PRETTY
DICY PROPOSITION" UNDER THE PRESENT CIRCUMSTANCES. IN
HIS OPINION, ONLY THOSE WHO WANT TO GET IN AND OUT
QUICKLY WITH A FAST PROFIT WOULD TAKE THE RISK.

3. WITH REGARD TO CITIBANK'S APPLICATION FOR A BRANCH IN
SRI LANKA, MINISTER BANDARANAIKE INDICATED THE
MATTER WAS STILL UNDER NEGOTIATION. ALTHOUGH HE
WAS NOT VERY SPECIFIC, HE GAVE THE IMPRESSION THAT
THE GSL AND CITIBANK WOULD EVENTUALLY REACH AGREEMENT.

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4. COMMENT: SINCE CITIBANK'S APPLICATION IS ALMOST
AS HOT AN ISSUE WITH LEFTIST ELEMENTS AS THE INVESTMENT LAW,
IT SEEMS LIKELY THAT IT TOO WILL BE DEFERRED
UNTIL AFTER THE ELECTIONS.
REED

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